

THE GOODYEAR TIRE
& RUBBER COMPANY
OF CANADA, LIMITED

NEW TORONTO, ONTARIO



PURVIS HALL
LIBRARIES

JAN 18 1946

MCGILL UNIVERSITY LIBRARIES

ANNUAL REPORT
1931



The Goodyear Tire & Rubber Company
of Canada, Limited

ANNUAL REPORT

TO THE SHAREHOLDERS

For the Fifteen Month Period ended December 31st, 1931

New Toronto, Ontario

ANNUAL REPORT OF THE DIRECTORS OF

*The Goodyear Tire & Rubber Company
of Canada, Limited*

Toronto, February 5th, 1932.

To the Shareholders:—

Your Directors submit a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED and its subsidiary companies, which sets forth the result from the operations for the period of fifteen months from October 1st, 1930 to December 31st, 1931. The fifteen months' statement instead of a twelve months' statement is due to our having changed the closing date of our fiscal year.

The combined operating profits for the fifteen months were \$2,746,680.61 after deducting income tax, but before providing for depreciation. During the period covered by this statement, we have set aside for depreciation on buildings and equipment \$1,043,694.79 and out of this amount, after deducting obsolescence and depreciation, we carry forward to plant reserve \$508,218.62 making a total reserve of \$5,473,039.75, which is equivalent to 45.4% of your investment in buildings, plant, machinery and equipment.

After having written off all bad and doubtful accounts, we will carry forward a reserve of \$109,689.20 for outstanding accounts. All manufactured goods, goods in process, materials on hand and future commitments have been written down to the market as of December 31st. You will notice from the balance sheet that your Company has \$1,057,343.90 in cash, \$4,747,660.86 in call loans and Government bonds and \$143,398.80 in other stocks and bonds. These amounts aggregate approximately \$6,000,000.00 and of this amount quite a large percentage is invested in Canadian Government bonds. These bonds were written down to the market as of December 31st. The write-down on the bonds is quite material, but it is not likely that these bonds will show an actual loss. After providing for depreciation, taxes, all manufacturing, selling and administrative expenses the net profit is \$1,702,985.82. In our last annual statement the net result for the year included \$313,724.74 profit from export business. This statement includes only \$187,419.94 of profits on export business, which amount was from 1930 transactions. This statement, however, includes no profits from 1931 export business, but there will be no losses therefrom. Owing to the greatly disturbed business conditions and extreme fluctuation in the money value of the different countries it would be almost impossible to get a true appraisal of the 1931 export business, therefore, it is omitted.

The total current assets amount to \$10,479,158.11, as compared with current liabilities of \$420,280.08 or a ratio of twenty-five to one. After paying dividends at the rate of 7% per annum, on the Preferred stock of the Company, there remained a balance of net profit of \$1,060,228.32, which represents \$8.24 a share earned on the Common stock. From this amount we have paid to the Common shareholders \$6.25 per share, which leaves a balance of \$256,290.82 to be added to surplus. Your net current assets or working capital have been increased by \$915,379.14 and net additions to plant and equipment during the year amount to \$283,745.42.

The capital stock of your Company was issued in 1927. Since issuing this stock we have redeemed 6,040 Preferred shares and during the year will redeem somewhat over 900 more shares. There have also been redeemed and cancelled 4,670 shares of the Common stock. Each year shows your Company in a stronger financial position, not only adding to surplus, but in the cancellation of the number of shares outstanding.

The year just closed has been very trying and disappointing. The rubber and cotton industries have had their full share of adverse conditions. Both rubber and cotton prices struck a new low level — rubber dropped to 4 $\frac{3}{4}$ c per pound, showing a decrease of 36.6%, as compared with the previous year, and 76.1% as compared with 1929. As of December 31st, Upland Middling cotton sold for 6 $\frac{1}{2}$ c per pound on the New York market. This price represents a decrease of 37.2% as compared with 1930 and 65.5%, as compared with 1929. Such radical decreases in your crude materials adversely affect your statement.

The sale of tires to the car manufacturers is quite a factor in the tire business, not only for the tires sold direct to the car manufacturers, but on account of its effect on the resale business. The car production in Canada has decreased rapidly since 1929, as has also the importation and exportation of cars, as shown by the following figures:—

Cars Produced in Canada

1929	263,295
1930	154,192
1931	82,621

Cars Imported into Canada

1930	23,233
1931	8,739

Cars Exported from Canada

1930	45,371
1931	14,539

This very material reduction in the production of Canadian automobiles, adverse tariffs, embargoes and the variation in the value of money in different countries have had a decidedly adverse effect on the rubber industry. These conditions are reflected by the following summary of unit tire sales by the Canadian Tire Manufacturers to the export trade, to car manufacturers and to the Canadian retail trade:—

	1929	1930	1931
To Export Trade	1,716,403	1,363,269	726,409
To Car Manufacturers	1,152,338	706,099	388,865
To Canadian Retail Trade ..	1,535,978	1,431,096	1,451,139

Your cost of production has been materially increased through the decrease in volume, increased taxation and the depreciation of our dollar. Material amounts have been taken out of the year's profits for the writing down of manufactured goods, raw materials, bonds, etc. Your merchandise sold during the year was sold at the lowest prices in the history of the rubber industry. However, your statement shows net earnings of \$152,581.82 greater than those of your statement for the previous fiscal period.

World conditions are more complicated than they were a year ago. International trade is very much disarranged and there is little stability in the currency of many nations. There is a great deal of political unrest. The purchasing power of both individuals and nations has been materially decreased, prices of nearly all commodities and articles are too low and there is yet much constructive work to be done before stability is reached. We believe Canada to be the soundest nation in the world today with the greatest future. This should be encouraging to those who live in Canada. Owing to disturbed world conditions, it is useless to predict the outcome of your Company's present year's business, but your Company is entering this year with the strongest financial position in its history, a dominant position in the industry and a product even better than that of the past. It should, therefore, be able to secure its full share of whatever business is available.

We appreciate the loyalty and efficiency of the employees of this Company, those who work in the factory to produce such an excellent quality of product, our sales organization, our operating staff and those holding executive positions. They are all responsible for much of the success your Company may have had. Goodwill and active support given over a long period of years by the shareholders have been factors in building your Company. The more adverse the conditions, the more essential it is to have your support.

On behalf of the Board,
C. H. CARLISLE,
President and General Manager

PRICE, WATERHOUSE & CO.

Chartered Accountants

ROYAL BANK BUILDING

TORONTO, CANADA

February 2, 1932.

To the Shareholders of

THE GOODYEAR TIRE AND RUBBER COMPANY OF CANADA, LIMITED:

We have examined the books and accounts of The Goodyear Tire and Rubber Company of Canada, Limited and its subsidiary companies for the period of fifteen months ending December 31, 1931.

We have satisfied ourselves that all charges to Property Accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand have been taken and valued by the Companies at cost or market prices, whichever were lower; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances and call loans were confirmed by certificates, and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1931 are included in the Balance Sheet.

And we report that, in our opinion, the annexed Consolidated Balance Sheet is drawn up so as to show the true financial position of the Company and its subsidiaries as of that date and the results from the operations for the period of fifteen months ending December 31, 1931 according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO.,
Auditors.

*THE GOODYEAR TIRE & RUBBER
and SUBSIDIARIES*

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT AND WORKING ASSETS:

Cash	\$1,057,343.90	
Call loans, and Government bonds at market	4,747,660.86	
		\$5,805,004.76
Accounts receivable	\$1,550,514.47	
Less—Reserve for bad and doubtful accounts	<u>109,689.20</u>	
		1,440,825.27
Inventories at cost or market, whichever is lower:		
Finished goods	\$1,476,302.12	
Goods in process	177,883.02	
Raw materials and supplies	<u>1,579,142.94</u>	
		<u>3,233,328.08</u>
		\$10,479,158.11

MISCELLANEOUS INVESTMENTS:

Stocks and bonds	143,398.80
------------------	------------

REAL ESTATE, BUILDINGS, PLANT,
MACHINERY AND EQUIPMENT:

12,379,434.78

DEFERRED CHARGES TO OPERATIONS:

Insurance, taxes and rents paid in advance	50,050.89
--	-----------

\$23,052,042.58

**COMPANY OF CANADA, LIMITED
COMPANIES**

DECEMBER 31, 1931

LIABILITIES

CURRENT LIABILITIES:

Current accounts payable	\$ 178,061.36
Reserve for income taxes	<u>242,218.72</u>
	\$ 420,280.08

RESERVES:

For depreciation of buildings, plant, machinery and equipment	\$ 5,473,039.75
For raw material commitments	<u>159,161.94</u>

SIX PER CENT. FIRST MORTGAGE SINKING FUND GOLD BONDS DUE SEPTEMBER 1, 1949, OF THE GOODYEAR COTTON CO. OF CANADA LIMITED:

Authorized and issued	\$ 2,000,000.00
Less—	
In treasury	\$ 553,500.00

Redeemed	<u>50,000.00</u>
	603,500.00

CAPITAL STOCK: 1,396,500.00

Seven per cent. Cumulative Preferred Stock: Authorized—195,000 shares of \$100.00 each	\$19,500,000.00
Issued and fully paid— 79,498 shares of \$100.00 each	\$ 7,949,800.00
Less—Redeemed 6,040 shares	<u>604,000.00</u>

Common Stock: Authorized—145,330 shares of no par value of which 128,630 shares have been issued	\$ 128,630.00
Capital Surplus	<u>463,068.00</u>

SURPLUS: 591,698.00

Balance as of October 1, 1930	
Profit for the period of fifteen months ending December 31, 1931, before providing for depreciation, but after deducting income tax	\$ 7,409,271.99
\$2,746,680.61	
Less—Reserve for deprec- iation	<u>1,043,694.79</u>
	1,702,985.82
Deduct—Dividends:	

On seven per cent. Pre- ferred Stock	\$ 642,757.50
On no par value Common Stock	<u>803,937.50</u>
	1,446,695.00
	7,665,562.81
	<u>\$23,052,042.58</u>

BOARD OF DIRECTORS

P. W. LITCHFIELD
Chairman
AKRON

C. H. CARLISLE
TORONTO

C. B. McNAUGHT
TORONTO

J. E. McALLISTER
TORONTO

P. A. THOMSON
MONTREAL

C. A. STILLMAN
AKRON

C. C. SLUSSER
AKRON

EXECUTIVE OFFICERS

C. H. CARLISLE
President and General Manager

C. B. McNAUGHT
Vice-President

R. C. BERKINSHAW
Assistant to the President,
Secretary and
General Counsel

W. H. JEEVES
Assistant Treasurer

H. A. TIPPLE
Assistant Secretary and
Assistant Comptroller

B. W. LANG
Assistant Comptroller

D. J. McCARTHY
General Sales Manager

E. H. KOKEN
General Superintendent

R. P. D. GRAHAM
Manager, Export Department

The Goodyear Tire & Rubber Company of Canada, Limited

General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
BOWMANVILLE, ONT.

BRANCHES:

ST. JOHN, N.B.	.	.	.	.	83 Prince William St.
QUEBEC, QUE.	.	.	.	.	Cor. Crown and Fleury Sts.
MONTREAL, QUE.	.	.	.	.	690 St. James St.
OTTAWA, ONT.	.	.	.	.	246 Queen St.
TORONTO, ONT.	.	.	.	.	152 Simcoe St.
HAMILTON, ONT.	.	.	.	.	20 George St.
WINDSOR, ONT.	.	.	.	.	410 Hanna Ave., E.
LONDON, ONT.	.	.	.	.	539 Richmond St.
WINNIPEG, MAN.	.	.	.	.	97 Higgins Ave.
REGINA, SASK.	.	.	.	.	Cor. Broad St. and 6th Ave.
SASKATOON, SASK.	.	.	.	.	Cor. 24th St. and Pacific Ave.
EDMONTON, ALTA.	.	.	.	.	10229—105th St.
CALGARY, ALTA.	.	.	.	.	537—8th Ave. West
VANCOUVER, B.C.	.	.	.	.	Cor. Nelson and Hamilton Sts.

WHOLESALE DISTRIBUTORS

SYDNEY, N.S.—Cape Breton Battery & Vulcanizing Company.
HALIFAX, N.S.—Maritime Accessories Limited.
LETHBRIDGE, ALTA.—H. R. Carson Limited.
VICTORIA, B.C.—B. R. Ciceri & Co.

Over Five Thousand Canadian Retail Dealers carry stocks of
Goodyear Made-in-Canada Automobile Tires.

PRINCIPAL

GOOD YEAR

The Greatest Name in Rubber

PRODUCTS

Tires and Tubes

TIRES:—Automobile, Truck, Bus, Airplane and
Motorcycle.

Solid and Cushion Truck Tires.

TUBES:—Automobile, Truck and Bus (Regular and
Heavy Tourist), Airplane.
Motorcycle (Endless and Butt End).

ACCESSORIES:—For all Pneumatic Type Tires and
Tubes, Repair Fabric and Gum, Rims and Parts,
Rubber Cements, Tubing, Vulcanizers' Supplies.

Mechanical Rubber Goods

BELTING:—Transmission, Industrial Conveyor, Grain
Elevator and Conveyor, Ore Elevator, Road
Grader Conveyor, and other types of belting.

V BELTS:—For automobiles, refrigerators, washing
machines, etc.

HOSE:—Garden, Air Drill, Pneumatic Tool, Steam,
Water, Fire, Curb Line, Radiator, Golf, Suction,
Miscellaneous.

PACKINGS:—Rubber Sheet, Asbestos Sheet, C.I. and
C. B. S. Sheet, and Piston.

MISCELLANEOUS:—Molded and Perforated Mats,
Corrugated Matting, Steptread (autos), Ore
Chute Lining, Bumpers, Valves, Baby Carriage
Tire, Pulp Screen Diaphragms, Wringer Rolls
and Molded Goods of various descriptions.

GOODYEAR WINGFOOT RUBBER HEELS AND
SOLES.

